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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of:

CASSANDRA J. MOLLETT et al.

Serial No.: 09/474,671

Group Art Unit: 3627

Examiner: Andrew J. Rudy

Filed: December 29, 1999

For: System and Method of Approving a Limit of Check Cashing Over Time

Attorney Docket No.: FDC 0149 PUS

REPLY BRIEF
FILED UNDER 37 C.F.R. § 1.193(b)(1)

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Sir:

This brief is filed in reply to the Examiner's Answer mailed June 3, 2004. This brief responds to arguments and support raised by the Examiner in his Answer. Arguments previously stated in the Supplemental Appeal Brief filed March 10, 2004, will not be repeated unless necessary. As such, this brief should not be considered separately from the Supplemental Appeal Brief.

Claims 1-6, 8 and 9 are pending in this application. The Examiner rejected claims 1-6, 8 and 9 under 35 U.S.C. § 101 as directed to non-statutory subject matter. The Examiner rejected claim 8 under 35 U.S.C. § 112, second paragraph, as being indefinite. The

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Examiner rejected claims 1-6, 8 and 9 under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 6,064,987 to Walker *et al.* in view of U.S. Patent No. 5,679,940 to Templeton *et al.*

1. Whether Claims 1-6, 8 and 9 Are Properly Rejected Under 35 U.S.C. § 101

The Examiner does not believe that the pending claims are directed to statutorily supported subject matter. The Examiner cites *Ex Parte Bowman* (U.S. PTO Bd of Patent Appeals and Interferences, Appeal No. 1999-0583, June 12, 2001 (unpublished), cited at 61 USPQ2d 1165, 1671) and M.P.E.P. § 2106 IV(b) as supporting his position.

A. The Present Case Is Distinguishable Over Ex Parte Bowman

The Examiner first rejected the originally filed claims 1-6 and newly added claim 8 in the second, non-final Office Action. The Examiner stated, without citation, the following test for statutory subject matter:

- (1) whether the invention is within the technological arts; and
- (2) whether the invention produces a useful, concrete, and tangible result.

In the Examiner's Answer, the Examiner cites as his support for these rules *Ex Parte Bowman*, a nonprecedential opinion of the Board. While Appellants do not believe *Ex Parte Bowman* was decided under these rules, or holds that these rules should be used in future cases, Appellants believe the present case is clearly distinguishable over *Ex Parte Bowman*. Unlike the present case, the *Bowman* application failed to disclose any protectable technology for implementing the method claimed.

In *Ex Parte Bowman*, the claim at issue provided "a method of evaluating an intangible asset of interest." (*Ex Parte Bowman* at 1670). The steps provided for "plotting a point on said chart" and "using said chart in making at least one decision regarding the value of said intangible asset of interest." (*Ex Parte Bowman* at 1670). The Examiner's arguments

and the Boards affirmation is clearly explained in *Ex Parte Bowman* at 1671, reproduced as follows with emphasis added and citations omitted:

With respect to the rejection under 35 U.S.C. § 101, the examiner asserts that the claimed invention does not fall within the technological arts because no form of technology is disclosed or claimed. Appellant responds by analyzing the claimed invention under "The Examination Guidelines for Computer-Related Inventions" as published by the United States Patent and Trademark Office. Based on these guidelines, appellant argues that the recited method of creating a chart and plotting a point thereon is "physical and has clear real world value." Appellant also argues that the claimed process clearly results in a physical transformation outside of a computer for which a practical application in the technological arts is either disclosed in the specification or would have been known to a skilled artisan. The examiner responds that the noted guidelines are inapplicable here because the appellant has not recited the use of a computer in either the specification or the claims. The examiner finds that neither the specification nor the claims discuss the use of any technology with respect to the claimed invention.

We agree with the examiner. **Appellant has carefully avoided tying the disclosed and claimed invention to any technological art or environment.**

We interpret the examiner's rejection as finding that the claimed invention before us is nothing more than an abstract idea because it is not tied to any technological art or environment.

In summary, the application in *Ex Parte Bowman* failed to meet the requirements for statutory subject matter under § 101 because the method as claimed did not have any specific, practical use and because no technology was disclosed for implementing the method.

The present case is distinguishable under both prongs. All of the claims at hand deal with establishing limits and/or approving check cashing. This is unquestionably a specific, practical use and not an "abstract idea." Furthermore, Appellants' specification discloses that the method is to be carried out using one or more computers. (See, for example, Figures 1a and 1b and page 6, line 12, through page 8, line 15.) In fact the entire

specification, including disclosure related to flow diagrams and the exemplary table, makes references to computer systems for implementing the invention.

In concurring with the decision in *Ex Parte Bowman*, Judge Dixon distinguishes the holding from recent Federal Circuit decisions.

In *AT & T*¹, we see a slight variation from the position in *Warmerdam*², but still a recognition that not everything is statutory subject matter. With this recognition that abstract ideas which have not been applied in some manner (to something tangible; within the technological arts; with a computer; in a memory device or medium) to realize a “useful concrete and tangible result,” the Court in *AT & T* found that the claimed process, which the district court “recognized that the claims require the use of switches and computers,” was directed to statutory subject matter. . . .

Here, I find that the prior factual situations may be distinguished with the present disclosed and claimed invention. **In the present application, the specification is silent as to the need for any apparatus to carry out the claimed process or to make the ultimate decisions regarding the value of the intangible asset.**

Ex Parte Bowman at 1673, citations omitted, emphasis added.

While *AT & T* clarifies that **structure need not be present in the claim language for process claims to be directed to statutory subject matter**, the Court appears to impliedly weigh that the process is carried out by a network of computers and telephone switches being used in the flow of communications, but here we do not have a similar factual situation.

Ex Parte Bowman at 1674, emphasis added.

¹*AT & T Corp. v. Excel Communications Inc.*, 172 F.3d 1352, 50 USPQ2d 1447 (Fed. Cir. 1999).

²*In re Warmerdam*, 33 F.3d 1354, 31 USPQ2d 1754 (Fed. Cir. 1994).

As in *AT & T*, Appellants' specification provides an apparatus well within the recognized technological arts for implementing the claimed method.

B. The Present Case Falls Within The M.P.E.P. Guidelines

The Examiner suggests that Appellants' invention does not meet the requirements laid out in M.P.E.P. § 2106, *Patentable Subject Matter — Computer Related Inventions*³. The Examiner references M.P.E.P. § 2106 IV 2(b), but does not provide any indication as to what portion of this section is not met or of how it is not met. This section provides the following guideline (Rev. 2, May 2004, pg. 2100-18, citations omitted):

For such subject matter to be statutory, the claimed process must be limited to a practical application of the abstract idea or mathematical algorithm in the technological arts. ... A claim is limited to a practical application when the method, as claimed, produces a concrete, tangible and useful result; i.e., the method recites a step or act of producing something that is concrete, tangible and useful. ... For example, a computer process that simply calculates a mathematical algorithm that models noise is nonstatutory. However, a claimed process for digitally filtering noise employing the mathematical algorithm is statutory.

Appellants' claimed methods include, *inter alia*, determining a money limit over a time period during which a check writer may cash checks up to the money limit; approving a request to cash a check if, for each of at least one time period, the total amount of cash from check writer checks cashed plus a specified amount is less than the cash limit for the time period; and approving a request to cash a check if the total amount of cash from check writer checks cashed plus the specified amount is less than the cash limit for each of a plurality of time periods. These are certainly more like digital filtering of noise than a mathematical algorithm that models noise.

³Appellants note the Examiner's apparently contradictory position which states, on the one hand, that "the claim language may be completed with pen and paper," and on the other, that the claim must be evaluated as a computer-related invention.

The Federal Circuit has provided guidance in the meaning of “concrete, tangible and useful.” In *State Street Bank & Trust Co. v. Signature Financial Group Inc.*, 149 F.3d 1368, 1374 (Fed. Cir. 1998), *cert. denied*, 119 S. Ct. 851 (1999), the invention under consideration accepted only numerical input and produced only numerical results. The Court described the invention thusly:

Today, we hold that the transformation of data, representing discrete dollar amounts, by a machine through a series of mathematical calculations into a final share price, constitutes a practical application of a mathematical algorithm, formula, or calculation, because it produces a “useful, concrete and tangible result” -- a final share price momentarily fixed for recording and reporting purposes and even accepted and relied upon by regulatory authorities in subsequent trades.

State Street, 149 F.3d at 1373.

It is difficult to imagine how the financial input and output data in *State Street* is substantially different in kind than Appellants’ check cashing information. Appellants’ invention clearly produces useful, concrete and tangible results as these terms have been used by the Federal Circuit.

2. Whether Claim 8 Is Properly Rejected Under 35 U.S.C. § 112, Second Paragraph

The Examiner rejected claim 8 under 35 U.S.C. § 112, second paragraph, as being indefinite. In his Reply, the Examiner provided no new arguments as to why claim 8 is indefinite. Therefore, no response is provided here.

3. Whether Claims 1-6, 8 and 9 Are Properly Rejected Under 35 U.S.C. § 103(a)

The Examiner rejected claims 1-6, 8 and 9 under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 6,064,987 to Walker *et al.* (Walker) in view of U.S. Patent No. 5,679,940 to Templeton *et al.* (Templeton).

A. Claim 1

Independent claim 1 provides a method of approving a money limit of check cashing **for a time period** during which a check writer may cash checks up to the limit. Historical check writing information for a plurality of check writers is stored. Identification information for accessing the check writing information for a check writer is received. The respective check writing information is processed to determine a score for the check writer. The check writer is classified in a predetermined category based on the score. The money limit is determined based on the category in which the check writer is classified. The money limit specifies the check cashing limit **over the time period**.

The Examiner states that "Applicant's assertion that Walker does not show a time period or money limit or check cashing is opposite to Walker's disclosure, e.g. cols. 9-10, lines 54-23." In order to disclose Appellants' claim 1, Walker must disclose a limit establishing a check cashing amount over a time period. Time period, money limit and check cashing are related — not independent, separate concepts as apparently believed by the Examiner.

The passage in Walker cited by the Examiner is reproduced as follows (emphasis added):

Referring to FIG. 10, a process 360 is performed by the central controller in determining one or more installment plans to offer a purchaser at a POS terminal. In general, the central controller determines whether application of the purchase price to the financial account is authorized (step 362). The step 362 is also known as "authorizing the charge", and typically comprises an evaluation of whether the credit card account meets approval criteria of the credit card account issuer. Approval criteria are specific to each issuer, and may include the following (i) the account must be in good standing, and **not past due**; (ii) applying the purchase price to **the current balance of the account would exceed the balance limit** (some issuers may approve purchases that exceed the balance limit by a specified margin), (iii) the corresponding credit card must not have been reported stolen or lost; and (iv) the account should not be closed.

If the charge is authorized, the central controller determines whether to allow installment payments on the purchase price (step 364). Typically, the central controller makes the determination based on the purchase price and/or the financial account identifier. For example, the central controller may compare the purchase price to a predetermined amount, and allow installment payments **only if the purchase price exceeds the predetermined amount**. The central controller may also determine whether the specified account has been "pre-approved" such that installment payments are always allowed, e.g. as determined by a purchaser score. An indication of such pre-approval may be stored, for example, in the purchase database 46 (FIG. 4). In still another embodiment, each installment plan may have one or more conditions, and installment payments are allowed if any installment plan's conditions are met. For example, one installment plan may have a condition that **the purchase price is between \$250 and \$1,000**, while a second installment plan has a condition that the **total amount charged in the last month is over \$2,000**. Such conditions may be stored in the installment plan database 50 (FIG. 4).

None of the examples provided in this passage teach or fairly suggest establishing a check cashing limit over a time period. Each example except the last deals with a specific, present amount, such as a purchase price or an account balance. The last example discloses an installment plan based on an amount charged during the previous month being **greater than** a certain amount. This is not analogous to setting a check cashing limit over a set period of time.

The Examiner goes on to reason the following:

To be past due there must be a time period, e.g., monthly account statement, that the purchaser of the credit must, generally, pay off in total or an appropriate portion thereof, a suitable balance in order to have access to the financial account. It has been common knowledge that time periods are used in both the credit and check cashing industry to facilitate accounting and transaction objectives, e.g. to verify whether a user has a proper credit history and financial resources to cover the requested fund transfer.

Having a sum due on a particular date does not teach or suggest Appellants' invention. Nor does the assertion that "time periods are used in both the credit and check cashing industry to facilitate accounting and transaction objectives," whether true or not, teach or suggest Appellants' invention. The Examiner has failed to find any disclosure in Walker for establishing a cash limit over any period of time.

Nor can Templeton fill in this missing disclosure. The Examiner admits as much, stating "[t]hough Templeton does not explicitly disclose a time period, it would be an inherent aspect of Templeton's disclosure." The only support provided by the Examiner is as follows:

The real-time updating of file information, e.g., 85, 87 of Templeton, fully meets the broad scope and content of Applicant's phrase "time period" referenced. As is, the time period may be as short as a nanosecond or as long as a year (or longer) to fully meet Applicant's claim language. In sum, the real-time period parameters disclosed by Templeton fully meet Applicant's claim language.

Appellants are not claiming all uses of a time period in check cashing, but specifically the establishment of a cash limit over a time period. The Examiner offers no clue as to how Templeton's negative file 85 and positive file 87 disclose such a cash limit over a time period. The Examiner provides no citation within Templeton in support of his assertion. Further, the Examiner does not address Appellants' arguments discrediting Templeton's negative file 85 and positive file 87 provided in the Supplemental Appeal Brief.

In summary, the Examiner has failed to find any disclosure in Walker or Templeton for establishing a cash limit over a time period. In fact, nowhere in the Examiner's Answer does the Examiner even acknowledged that claim 1 provides for a cash limit over a time period or that finding a disclosure of such a cash limit over a time period is necessary to establish a *prima facie* case.

B. Claim 8

Independent claim 8 provides a method of check cashing. A cash limit is established for a check writer for at least one time period. A request to cash a check written for a specified amount and written by the check writer is received. For each of the time periods, a total amount of cash from check writer checks cashed during an immediately preceding time equal to the time period is determined. The request is approved if, for each of the time periods, the total amount of cash from check writer checks cashed plus the specified amount is less than the cash limit for the time period.

The Examiner provided no independent reason for rejecting claim 8 prior to the Examiner's Answer. In the Examiner's Answer, the entire support provided by the Examiner is as follows:

Regarding claim 8, as understood, the historical approval criteria data of Walker may be viewed as meeting the claim terminology for approving a check cashing request for each time period being considered. Thus, claim 8 does not define over Walker, as modified by Templeton.

Appellants are left to guess as to what "historical approval criteria data" means since this term is not used in Walker and the Examiner provides no citation or other reference. Walker does mention "approval criteria" in the passage from column 9, line 54, through column 10, line 23, reproduced above. However, this passage does not disclose or fairly suggest determining a cash limit for a time period based on a total amount of cash obtained during an immediately preceding time period. Thus, the Examiner has failed to establish a *prima facie* case of obviousness with regard to claim 8.

C. Claim 9

Independent claim 9 provides a method of check cashing. For each of a plurality of time periods, a cash limit for a check writer is established. A request to cash a check written for a specified amount and written by the check writer is received. A total amount of cash from check writer checks cashed during an immediately preceding time equal

to the time period is received. The request is approved if, for each of the plurality of time periods, the total amount of cash from check writer checks cashed plus the specified amount is less than the cash limit.

The Examiner provided no independent reason for rejecting claim 9 prior to the Examiner's Answer. In the Examiner's Answer, the entire support provided by the Examiner is as follows:

Regarding claim 9, the historical approval criteria data of Walker may be viewed as meeting the claim terminology for approving a check cashing request for each time period being considered. Further, allowing a check writer to reach his/her credit limit over a specified time period after having a previous financial transaction has been approved have been common knowledge in check cashing systems. Both Walker and Templeton systems allow for this function to be performed. Thus, claim 9 does not define over Walker, as modified by Templeton.

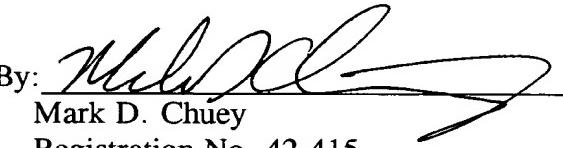
Once again, the Examiner fails to provide any citation or other reference to assist Appellants in determining why the Examiner believes claim 9 is not patentable. Once again, Appellants believe the Examiner is referencing Walker's passage from column 9, line 54, through column 10, line 23, reproduced above. Walker neither teaches nor suggests using a plurality of time periods to determine whether or not a check should be cashed, as provided in claim 9. The Examiner has failed to establish a *prima facie* case of obviousness with regard to claim 9.

Appellants believe claims 1-6, 8 and 9 are patentable over any combination of Walker and Templeton and respectfully request that the Board so hold.

No fee is believed due by filing this supplemental appeal brief. However, any fee due in connection with this filing may be withdrawn from Deposit Account No. 02-3978.

Respectfully submitted,

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